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C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000419

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SUBJECT: THE FRUSTRATIONS OF A BURMESE ECONOMIST

Classified By: Econoff TLManlowe for Reason 1.4 (b,d).

1. (SBU) Summary: U Myint, a retired UN economist, freely offers economic advice to regime leaders and democratic activists. He doubts senior leader Than Shwe receives any of it because he "does not listen to anyone." Were Than Shwe to heed Myint's advice, Burma would concentrate less on traditional agriculture, would develop social and economic infrastructure, and would take its place as an equal in the region. Myint believes that most Burmese, "fed up," with Than Shwe's rule, show their dissatisfaction in small ways every day. End summary.

Burma's Economic Focus Needs Modernizing

2. (SBU) U Myint, former head of the Ministry of Foreign Affairs (MFA) Economic Department and longtime ESCAP economist in Bangkok, retired back to Rangoon, but stays active with economic issues. He shared some of his views with Charge on March 24. Burma's formal sector is very small, he said. "Without the informal sector, there'd be no commerce at all. We'd be lost." Everyone is doing badly, he continued. Just across the river, he said, he knows a man staying in a hut with no running water or power. "He lives just like his grandfather did, 50 years ago, no improvement since then, and no hopes for improvement," Myint said. His contacts all say investment has dried up and business is bad, with no prospects for progress. There is some commercial activity visible in Rangoon, "but it's paltry for a country of over 50 million."

3. (SBU) The focus of the current regime on agriculture shows no results, according to Myint. All they do is grow rice and beans and build dams, he said. "That is easy, that is the way we've been living for 500 years." To be more productive in agriculture requires modern technology, fertilizer, credit, seeds, new crop varieties and extension services, according to Myint. He doubts that agriculture has grown as a part of GDP, as claimed by the regime. GOB statistics are unreliable, he asserted, citing discrepancies particularly in the area of services. He does agree that manufacturing has virtually disappeared.

Who Is Left To Guide Change?

4. (SBU) U Myint stated that Senior General Than Shwe makes all economic decisions with no input from economists. Myint had been advised by ousted intelligence chief Khin Nyunt to "never contradict and never offer an opinion" when speaking with the senior leaders. No one did then, and no one will now, he said. The lack of access to provide advice and information to the top leaders was Myint's primary complaint.

5. (C) Almost all well-educated Burmese have sent their children overseas, as have SPDC officials, because of the lack of good educational or job prospects in Burma. It is another way the regime has destroyed Burmese society. "I can't ask my son to come back from overseas," he said. "There is nothing for him here." Only the dullards, the poor, and the politically active remain, Myint said. If there is a change of leadership, he said, no one here would be capable of taking over.

6. (C) U Myint said most Burmese are "fed up" with Than Shwe's policies and protest, not publicly, but quietly, every day. They have become more vocal with friends and acquaintances about their dissatisfaction than ever before. On the job, they perform the bare minimum possible, with no sense of pride or obligation to contribute. Workers have no incentive to perform and no opportunity for growth. If required by the regime to work on a construction project, such as a road, they do it badly, for example by throwing mud and papers in the roadbed so that the next rains wash it away. In class, students don't study, he said, and teachers don't teach. Student must pay extra fees to the teachers for after-hours 'tuition' classes, where they learn, not to think, but only the answers to exam questions. Even in the MFA, he said, employees volunteer for service in Pyinmana in hopes of being rewarded with an overseas assignment. No one

wants to stay in Burma, he said. Although the situation will inevitably change, probably abruptly, U Myint doubts it will happen soon.

Economic Food For Thought

17. (C) Myint said he told Aung San Suu Kyi that, should a political transition occur, he did not want to be responsible for economic policy, because it would be too difficult. Things would get worse before they would get better, he said, and we would all be blamed for it. Reforms would take a long time because Burma has fallen so far behind, we will have to construct everything from scratch. To help build some domestic capacity, however, Myint holds informal educational sessions with young people, including former political prisoners, such as Min Ko Naing and Ko Ko Gyi. He teaches them basic economic concepts, and gives them current news on issues such as free trade, globalization, international finance and development.

18. (SBU) Myint has written a number of papers on economic issues, including how Burma should utilize foreign assistance after a regime change (slowly, building capacity along the way); the Burmese economy (lagging, needs to develop social and economic institutions, movement from agriculture into services and industry); sanctions (too broad, can damage chances for smooth transition of power); and other issues. He consistently emphasizes that change must come from within Burma, and that its population of 50 million must play a role. Respecting his opinion, many organizations affiliated with the government ask for his input and advice. Recently, he advised the Institute of Strategic Studies at the MFA and the Myanmar National Chamber of Commerce.

19. (SBU) U Myint's most recent paper describes his vision of a way forward in terms he believes will be acceptable, even to the regime. The basic premises are that Burma must strive to become a modern, prosperous nation (as the regime's own propaganda claims), and that Burma must be a reliable international partner, taking its place in the community of nations. He suggests that the regime use Buddhist beliefs such as compassion, responsibility, wisdom, selflessness, impermanence, and spirituality to guide policy actions. Myint has received positive feedback on his vision from many, including some generals, but he can't find anyone willing to pass it to Than Shwe. To further develop his vision, Myint proposes to open a local think tank, staffed by professionals, where all would be welcome to share their views.

Isolated Military

10. (C) U Myint said he no longer believes Than Shwe moved the capital to Pyinmana to escape potential popular unrest. He thinks Than Shwe wanted to remove the military officers from close contact with the people. Top leaders were horrified, he said, that military officers joined the protests in 1988. "They never got over it," he claimed. By isolating the troops in Pyinmana, they can control unwanted influence, and eliminate the chance that members of the military may side with the people.

11. (C) The military, however, is not a monolithic structure, he continued. Many officers do not support the regime's policies. When teaching at the Defense Services Academy, Myint said he would discuss developments in China, Thailand and Vietnam. "What about us?" the cadets would ask. When he couldn't give a positive answer about Burma's development, he said the students were frustrated at their country's backwardness. The people, the military and "even the Chinese" are fed up with regime actions, Myint said.

12. (C) Comment: U Myint is a thoughtful and knowledgeable observer who, even while despairing of change, works to make it happen. Even if he does not have access to Than Shwe, he does have access to a broad spectrum of Burmese military, business and political activists who could potentially assume leadership positions. This shows the continuing respect for knowledge and desire for accurate information among the Burmese. It gives hope that sound rational policies might one day get implemented, just not while Than Shwe is around. End comment.

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